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ABSTRACT

This paper describes the decline and polarization of American cities into two separate and coterminous systems: the city of the poor, characterized by the function of redistribution (i.e., public welfare benefits); and the city of the elite, a city of information processing, economic facilitation, and consumption. Demographic trends and social and economic factors that have shifted the nation's production base away from urban areas are described. Statistics on migration into and away from the central cities since 1965 are presented, as are income figures that demonstrate the declining buying power of urban residents. Social as well as economic differences between urban elites and the urban poor are discussed, and the implications of these disparities are considered in terms of human services, education, housing, and other areas of public policy. It is held that if cities are to survive, they must apply creative solutions in order to attract a broad economic base which includes middle class and affluent residents and increased employment opportunities. (GC)

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THE UNCERTAIN FUTURE OF THE CENTRAL CITY

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THE UNCERTAIN FUTURE OF THE CENTRAL CITY

George Sternlieb and James W. Hughes

ABSTRACT

American cities have always been an amalgam of the rich and the poor, straddling an uneasy middle class, with each group relatively separate and distinct. The functioning of the city in its many facets -- particularly as a manufacturing nexus, a role which dominated the economics of so many of them -- found place and utility for each of these groups. Entrepreneur and distributor, basic factory hand and unskilled labor all were hitched to the urban manufacturing dynamo. As Wilbur Thompson aptly stated the case:

> We did not, for the most part, build great cities in this country; manufacturing firms agglomerated in tight industrial complexes and formed labor pools of half a million workers. That is not the same thing as building great cities; our great industrial transformation has left us with a large number of overgrown "factory towns."

The stresses between the several groups were never trivial and frequently bubbled to the surface; as witness stands the long history of urban riots and labor warfare. But within this context, there was a logic and economic rationale which tended to provide common denominators.

An evolving post-industrial world has shattered that balance. We are still coping with the necessity of putting together a new Real Politik consonant both with the limitations and new potentials of our "overgrown factory towns." In part, the birth of this required symbiosis is hindered by a failure to comprehend the irrevocable changes both in demographics and economic functions which must be accepted for a successful shaping of the future. The city as we have known it, and the forms of social and economic organization which have characterized it, are simply irrecoverable. From the viewpoint of the poor, the city of goods production, of large scale relatively unskilled employment, has become the city of redistribution -- of transfer payments and welfare. For the elite there is a city -- far from new, but increasingly vigorous -- of information processing and economic facilitation, of consumption rather than production. Lost between those two poles and fast disappearing are the middle groups who find both the lifestyles and economic opportunities of suburbia (and increasingly exurbia) affordable and much more fulfilling.

The changing economic function of the central city, and the demographic changes it has wrought, has thus created two separate but coterminous urban systems. It is this basic phenomenon, and its evolution, which will define America's urban future in the 1980s.

THE UNCERTAIN FUTURE OF THE CENTRAL CITY

George W. Sternlieb and James W. Hughes

The major central cities of the United States no longer are the key growth nodes of society. The demographic trendlines of the past decade raise to new heights the crisis of function of the American city. Its major historic role in this country had been as recipient of successive waves of immigrants, which provided a unique focal point for the agglomeration of manufacturing operations. It was the only place that could supply masses of workers for the emergence of mass production after the Civil War. For virtually a century thereafter, the city provided entrepreneurs with a source of cheap labor; and for the migrant to it, the city offered employment at levels of skill he could meet.

But the last generation has seen the end of the historic linkage of manufacturing activity and urban location. A worldwide revolution has occurred in the technologies of goods production, information processing and communications. Automation and technological change have rationalized labor intensive industries, undermining the traditional economic foundations of America's cities. While adaptations to a new industrial order have been made, the demographics of the 1970s bear witness to the harsh realities of the transformation.

Although population trends are far from all encompassing criteria of the phenomena, they do provide a major focal point whose full implications sometimes are overlooked.[1] During the decade of the 1970s, for example, central cities in total for the first time experienced absolute population losses. As shown in Exhibit 1, their faltering is evident. While the population of the United States as a whole was rising by an estimated 11.5 percent, central cities (as defined in 1970) actually lost population. By the end of the decade, the nonmetropolitan head count of the nation exceeded that within central cities by over 11 million people. The urban history of the United States was characterized by the concentration of development initially central cities and then within their suburban areas. This process clearly has aborted.

But the very loose definition of central cities in the aggregate cloaks the demographic withdrawals which have overtaken the aging industrial cores of America. The scale

EXHIBIT 1

METROPOLITAN AND INTRAMETROPOLITAN POPULATION,
1970 TO 1980, U.S. TOTAL
(Numbers in Millions)

	1970	1980	Average Annual Percent Change
Total SMSAs	139.4	151.8	0.9%
Central Cities	63.8	63.1	-0.1
Outside Central Cities	75.6	88.7	1.7
Nonmetropolitan Areas	63.8	74.7	1.7
Total U.S.	203.2	226.5	1.1

Notes: Covers 243 SMSAs as defined in 1970 census publications.

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population, 1970 and 1980.

of population contraction afflicting the once dominant urban giants has been monumental. As shown in Exhibit 2, nine of America's major cities have lost more than a quarter of their population base in the past 30 years; leading the sad procession of losers are St. Louis (-47.1 percent), Buffalo (-38.3 percent), Pittsburgh (-37.4 percent), Cleveland (-37.3 percent), and Detroit (-34.9 percent). And it is apparent from the data in Exhibit 2 that the process of population shrinkage accelerated over the decade of 1970s.

As a result, the maintenance of infrastructure becomes increasingly difficult as the user base recedes, self-raised revenues depart with population, and near vacuums begin to be generated in hitherto-viable areas. There would be no national focus on the trauma of the South Bronx if New York City's population had expanded beyond the peak of slightly under 8 million people, which was achieved during the 1960s. Similarly, the thousands of abandoned homes of Detroit, though often viewed as a tribute to the ineptitude of Federal housing programs, clearly had their demand base swept away by the disastrous shift of population away from the city. From mass transit ridership to the viability of shoe-shine parlors on Main Street, the thinning out of the central city reduces the motor power of the metropolis.

The shifts of American population that presently are occurring clearly are much broader than those of the classic suburban growth highlighted in the immediate post-World War II era. Suburbanites, if nothing more, were by definition within calling distance of core services, retailing, cultural activities, and the like. The evolution presently taking place is to areas external even to the new ring city, which has been established on the circumferential highways -- the last monuments to the National Highway Program. This is often at radii twenty miles or more from the traditional urban core. The critical mass of services that have been established on the ring, not least among them the enclosed suburban shopping mall, provides an alternative to "downtown." Perhaps even more harmful is the flow of regional population shifts which has thinned out the regions within which our older industrial cities are concentrated.

The combination of these elements is measured by the demographic disaster which has overtaken the major northeastern/midwestern cities detailed in Exhibit 2 -- it is far from exclusive to them, however. Subject to statistical distortion, as a function of annexation, clearly it is intruding on some of the newer high-growth southwestern cities as well.

Migration

The vast migrational trek of Americans is illustrated in the data of Exhibit 3. In the period from 1965 to 1970,

EXHIBIT 2

POPULATION CHANGE, SELECTED CITIES
1950 TO 1980

City	1950[1]	1970[2]	1980[3]	Change: 1950-1980 Number	Change: 1950-1980 Percent	Change: 1970-1980 Number	Change: 1970-1980 Percent
Boston	801,444	641,071	562,994	-238,450	-29.8	-78,077	-12.2
Buffalo	580,132	462,768	357,870	-222,262	-38.3	-104,898	-22.7
Chicago	3,620,962	3,369,357	3,005,072	-615,890	-17.0	-364,285	-10.8
Cincinnati	503,998	453,514	385,457	-118,541	-23.5	-68,057	-15.0
Cleveland	914,808	750,879	573,822	-340,986	-37.3	-177,057	-23.6
Detroit	1,849,568	1,514,063	1,203,339	-646,229	-34.9	-310,724	-20.5
Minneapolis	521,718	434,400	370,951	-150,767	-28.9	-63,449	-14.6
New York City	7,891,957	7,895,563	7,071,030	-820,927	-10.4	-824,533	-10.4
Newark	438,776	381,930	329,248	-109,528	-25.0	-52,682	-13.8
Philadelphia	2,071,605	1,949,996	1,688,210	-383,395	-18.5	-261,786	-13.4
Pittsburgh	676,806	520,089	423,938	-252,868	-37.4	-96,151	-18.5
St. Louis	856,796	622,236	453,085	-403,711	-47.1	-169,151	-27.2

Notes: [1]April 1, 1950 Census.
[2]April 1, 1970 Census.
[3]April 1, 1980 Census.

Sources: U.S. Bureau of the Census, County and City Data Book, 1956 (A Statistical Abstract Supplement), U.S. Government Printing Office, Washington, D.C., 1957; and U.S. Bureau of the Census, Commerce News, "Three Cities of 100,000 or More At Least Doubled Population Between 1970 and 1980, Census Bureau Reports," CB81-92, Public Information Office, Washington, D.C., June 3, 1981.

EXHIBIT 3

MIGRATION PATTERNS
(Numbers in Thousands of Persons)

Metropolitan and Nonmetropolitan Migration: 1965-70, 1970-75, and 1975-80

	1965-70	1970-75	1975-80
Metropolitan:			
Inmigrants	5,457	5,127	5,993
Outmigrants	5,809	6,721	7,337
Net migration	-352	-1,594	-1,344
Nonmetropolitan:			
Inmigrants	5,809	6,721	7,337
Outmigrants	5,457	5,127	5,993
Net migration	+352	+1,594	+1,344

Central-City and Suburban Migration: 1970-75 and 1975-80

	1970-75	1975-80
Central cities:		
Inmigrants	5,987	6,891
Outmigrants	13,005	13,237
Net migration	-7,018	-6,346
Suburbs:		
Inmigrants	12,732	13,628
Outmigrants	7,309	8,627
Net migration	+5,423	+5,001

Central-City and Suburban Migration of Blacks: 1970-75 and 1975-80

	1970-75	1975-80
Central cities:		
Inmigrants	737	724
Outmigrants	980	1,163
Net migration	-243	-439
Suburbs:		
Inmigrants	827	1,123
Outmigrants	446	567
Net Migration	+381	+556

Source: U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 368, Geographical Mobility, March 1975 to March 1980, U.S. Government Printing Office, Washington, D.C. 1981.

migration into and out of metropolitan areas was nearly in balance, with only a slight leakage to nonmetropolitan areas. But a decade later the latter had become a substantial flow, with a net outmigration from the metropolitan areas -- long viewed as the most vibrant growth sectors of American society -- well in excess of a million individuals for each five year tabulation. It is the central city which highlights this process, with net outmigration from 1970 to 1980 of more than 13 million persons. While the suburbs continued to expand, it was at a faltering rate, far outweighed by the losses of the core. And it is most striking to note that the outflow from the central city has been joined in by blacks as well as whites, with net outmigration as shown in Exhibit 3 accelerating very sharply in the latter half of the decade.

The Decline of Resident Income/Buying Power

The differential migration flows into and out of the central city not only are evidenced in number, but also in income, as shown in Exhibit 4. There is a very clear linkage -- the higher the family income level, the greater the propensity for the direction of migration to be from central city to suburb; conversely, the lower the income level, the greater the propensity for suburb to central city migration. For example, for families with incomes under $5,000, the absolute flows were roughly equal; for those with incomes of $25,000 and over, the ratio of suburban movers to central city movers was at the 3.26 mark. To restate this crucial factor, for every three families with incomes of $25,000 and over that moved from the central city to the suburbs in the period from 1975 to 1980, only one moved from the suburbs to the central city.

This is merely to highlight the crest of the wave of comparative decline in central city incomes. Exhibit 5, for example, provides data on median family incomes by geographic area from 1975 to 1980. Families living inside central cities of major (1,000,000 or more persons) metropolitan areas -- the category which encompasses our aging, industrial concentrations -- had the smallest income increments of any of the groups isolated here in absolute dollars. Indeed, by 1980, they had the lowest absolute incomes of any of the geographic partitions shown, except those living outside metropolitan areas. (The latter case is deflated by the pockets of rural poverty which still dot much of America, particularly in the South and Northeast.) By 1980, the suburbanites of our major metropolitan areas had incomes nearly half again as high as those within the same areas' central cities.

The discrepancy is far more muted as we consider smaller metropolitan areas, those with under one million persons. Here, central city incomes are under the $20,000

EXHIBIT 4

CENTRAL CITY MIGRATION BY FAMILIES: 1975 TO 1980[1]
(Numbers in Thousands)

Family Income[2]	*Movers from:* *Central City to Suburbs*	*Suburbs to Central City*	*Ratio of Suburb Movers to Central City Movers*
Under $5,000	20	21	0.95
$5,000 to $9,999	133	68	1.66
$10,000 to $14,999	244	100	2.44
$15,000 to $24,999	744	262	2.84
$25,000 and over	1,020	313	3.26
TOTAL	2,161	764	2.83

Note: [1]Married Couple (Husband-Wife) families with householder (head) 14 to 54 years of age.
[2]Income in 1979.

Source: U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 368, Geographical Mobility: March 1975 to March 1980, U.S. Government Printing Office, Washington, D.C. 1981.

EXHIBIT 5

MEDIAN FAMILY INCOME
1975 TO 1980[1]

Residence by Metropolitan Area Size	*1975*	*1980*	*Change: 1975 to 1980* *Number*	*Percent*
Inside Metropolitan Areas	$14,909	$22,590	$7,681	51.5%
1,000,000 Persons or More	15,550	23,825	8,275	53.2
Inside Central Cities	12,957	18,908	5,951	45.9
Outside Central Cities	17,156	26,339	9,183	53.5
Under 1,000,000 Persons	14,139	21,317	7,178	50.8
Inside Central Cities	13,031	19,817	6,786	52.1
Outside Central Cities	14,859	22,393	7,534	50.7
Outside Metropolitan Areas	11,600	18,069	6,469	55.8
U.S. TOTAL (All Families)	13,719	21,023	7,304	53.2

Note: [1]Income during calendar years 1975 and 1980.

Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 127, Money Income and Poverty Status of Families and Persons in the United States: 1980 (Advance Data from the March 1981 Current Population Survey), U.S. Government Printing Office, Washington, D.C., 1981.

U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 105, Money Income in 1975 of Families and Persons in the United States, U.S. Government Printing Office, Washington, D.C., 1977.

mark, with their equivalent suburbanites slightly in excess of $22,000 -- a far from trivial discrepancy of 10 percent. But this category is bolstered by the newer smaller cities located in the burgeoning national "sunbelt."

As a consequence of lagging central city income, and a general growth in the nation's poverty population in the past decade, increasingly the central city has become a refuge for those unable to migrate from it. By 1980, as shown in Exhibit 6, more than one-in-six persons (17.2 percent) residing in central cities fell below the poverty level. The equivalent figure for the suburbs (outside central cities) was less than one in twelve (8.2 percent). And this is a gap which had widened over the course of the 1970 to 1980 decade.

Thus the nation's statistical ledgers document a faltering central city, characterized by heavy outmigration -- particularly by the more affluent -- absolute population losses, lagging incomes, and growing concentrations of poverty. This statistical reality stands in marked contrast to visible stirrings of a more positive note -- of an urban resurgence, of areas revitalized through brownstoning, of new office buildings on the city skyline, of new hotel and convention complexes and of new playgrounds and consumption spaces of the affluent (or at least the businessperson on an expense account). While less susceptible to quantification -- and perhaps dwarfed in scale by the demographics depicted above -- this rebirth remarkably co-exists with the phenomenon of increasing central city impoverishment.

THE TWO CITIES

Thus the vision of the city becomes strikingly bipolar: on the one hand the city of the poor with anywhere from a quarter (Boston) to a seventh (New York) of the population on welfare; of crime rates that stagger the imagination even when appropriate allowance is made for their vagaries; and of truancy levels vastly understated by official reporting techniques, which make a mockery of the traditional role of public education as a homogenizing influence and ladder upward for the urban proletariat.

Separate and distinct from this -- though frequently in physical proximity, it is psychologically and fiscally at a vast distance -- is the city of the elite. Varying in scale from a very few select blocks in some municipalities to substantial and growing population thresholds in others is the city whose inhabitants are matched to the new post-manufacturing job base, peopled by groups who do not require or utilize the impacted local service base.

EXHIBIT 6

PERSONS BELOW POVERTY LEVEL
(Numbers in Thousands)

	1970		1980	
	Number	*Percent*	*Number*	*Percent*
TOTAL	24,877	12.3	29,272	13.0
Inside Metropolitan Areas	15,348	10.8	18,021	11.9
Inside Central Cities	9,090	15.0	10,644	17.2
Outside Central Cities	6,259	7.6	7,377	8.2
Outside Metropolitan Areas	10,529	15.4	11,251	15.4

Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 127, Money Income and Poverty Status of Families and Persons in the United States: 1980 (Advance Data from the March 1981 Current Population Survey), U.S. Government Printing Office, Washington, D.C., 1981.

U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 105, Money Income in 1975 of Families and Persons in the United States, U.S. Government Printing Office, Washington, D.C., 1977.

Typically, they are either childless or sending their children to select private schools, never to be found in the over-crowded municipal hospitals, and certainly not dependent on the welfare provisions of the city. While their actual numbers may be relatively few, they inhabit the city of the tourist and the visitor. Since they are relatively novel, as distinct from the over-studied masses, they attract perhaps more attention than their numbers warrant from observers both amateur and learned. Indeed so vigorous are the numbers of studies of such individuals as to magnify their importance and in turn to generate the new buzz word of "gentrification."

The functional reality of new cities is easily summarized: there are a select number of nonsmokestack cities which bear the visible signs of compatibility with a post-industrial economy. This is evidenced by the dominance of major service production facilities -- the massive office buildings which characterize the new downtowns. Their tight clusterings attain even more visible mass with the appearance of the increasingly vigorous central city hotel-convention phenomenon. But this represents only in part an increase in accommodations; rather more strikingly it also reflects a replacement of old, no longer adequate facilities -- geared for lower income groups -- with new highly visible structures whose patronage is divided between serving as an accessory to production services and information processing on the one hand and the city as elite consumption hub on the other.

In select cities, complementary residential appendages have arisen, paralleling this economic growth. Again, in turn, these represent more of a recompaction of the more affluent central city strata from crumbling neighborhoods than they do net inmigration.

In the very act, however, of bringing these groups together, a critical mass of appeal is generated which in turn fosters a greater pulling power of the center city as alternative life style. It is this phenomenon which has given birth to the image of urban revitalization, with the imperial city of Washington, D.C., given its unparalleled center city job base in the van, with New York City certainly, and Philadelphia, if less so, showing remarkable vigor.

But the dimensions of this vitality should not be exaggerated. The demographic trendlines provide little evidence indicative of a widespread process of gentrification. Indeed, they are sufficiently somber to dim the potential of the new "vibrant kernels."

In terms of employment, the passing of the age of manufacturing has not been fully compensated by the rise

of in-city service industry replacements.[2] The recent development of automation within the office sector -- of the rationalization of labor intensive white collar activities -- is perhaps even more striking than its predecessors in manufacturing. The absolute scale of central city employment, with few exceptions, is at best constant -- and much more commonly shrinking. The gap between the skills, work habits, and acceptance accorded the poor -- particularly the minority poor -- and the requirements of the new occupations has resulted in a mismatch between the bulk of central city residents and the jobs proximate to their homes. Thus one finds very high levels of unemployment cheek by jowl with basic shortages of skilled clerical personnel. And on a more mundane level, the savage attrition which has taken place in central city resident incomes as a function of selective migration has reduced the opportunities for small scale service operations. In this context the potential for resident services provided by fledgling entrepreneurs must endure a most hostile incubator.

The existence of the two cities phenomenon, and the extreme disparity between the human elements that characterize the segments, is shown in Exhibit 7. This provides data on a variety of parameters for the universe of New York City renters compared with the new elite inhabiting the much publicized converted buildings and new private structures constructed under recent tax incentive provisions. The new elite are characterized by their relative youthfulness, high incomes, and concentration in the new prestige occupations (including the burgeoning artistic professions) as compared to the overall city renter profile.

HOUSING AND BUDGETARY CONFRONTATIONS

There is an enormous difference in goal structures between the two groups -- the poor and the elite -- who increasingly dominate the urban political arena. It has many aspects but is perhaps most easily characterized in terms of attitudes toward housing and municipal expenditures. In the former regard, the poor seek inexpensive shelter. They look toward the city either to provide housing directly, or to manage the private market so as to assure low rents and minimal increments in shelter costs. Indeed the extreme difference with the elite is captured by the stress on housing as <u>shelter</u>. To the elite caught up in a post-shelter society, housing increasingly is viewed as a form of investment. To them, the goal is capital enhancement through increases in housing value. They have the resources for housing purchase either in fee simple or condominium/cooperative forms of ownership. They have the tax status that, at least till recently within our

EXHIBIT 7

OCCUPANT CHARACTERISTICS OF NEW RESIDENTIAL STRUCTURES, NEW YORK CITY, 1977

Category	*New York City Total*[1]	*New Structures (Tax Incentives)*	*Converted Buildings* Apartments	Lofts
Household Income	$8,395	$26,302	$21,479	$22,253
Occupation				
Professional/ Technical	13.6%	41.7%	38.2%	33.2%
Manager/ Administrator	7.8	26.0	21.3	18.7
Artist	2.1	8.8	15.7	35.0
Clerical	27.1	4.4	3.7	2.3
Craftsman/ Operative	25.2	1.4	1.1	2.3
Median Age	44.4 years	33.6 years	29.6 years	34.0 years

Note: [1]1975 data.

Source: Kristina Ford, Housing Policy and the Urban Middle Class (New Brunswick, N.J.: Rutgers University, Center for Urban Policy Research, 1978).

inflationary society, practically demands housing ownership. Thus to the affluent, housing as shelter from the elements is far less important than housing as a tax shelter; and while the poor are victimized by housing cost/price increases, to the affluent they are the justification for investment. Indeed a very good case can be made that truly inexpensive housing -- again within an inflationary context -- can only be housing which goes up in value, with capital increases serving as an offset to operating costs.

Thus municipal politics increasingly has as one of its irritants the rival demands of the two groups: the one seeking neighborhood improvement, and a reduction in the number of housing units and structures which might reduce values or limit their increases in price; the other fearful that any reduction in structure number or increase in housing for the affluent might very well set up a speculative run on their own facilities which will result in cost increases. While the situation sketched here is far from perfectly defined -- as witnessed by the love affair of the affluent renters with rent control -- the schism is becoming increasingly evident.

The variants in housing policy goals are paralleled by attitudes toward the municipal budget. To the poor, municipal expenditures on health, education, and welfare are among the few rays of light in an otherwise dismal environment. To the new elite groups in the cities, these are extraneous. In their place are rather environment enhancing -- and real estate price increasing -- investments in parks, recreational facilities, libraries and the like. The yin-yang of this conflict dominates -- sometimes turbulently -- budget meetings in every major city in America.

But these are merely two facets of a struggle which is increasingly securing definition: The rival roles of the city as the port of last resort for those who have fallen off, or who were never able to secure passage on, the economic train, versus the city as an entity whose care and enhancement, by very definition, requires a restructuring in order to recapture the affluent. In the latter case, for example, fiscal zoning rapidly dominates (the provision of a variety of incentives for land use activities which will generate more in the way of revenues than costs) and becomes a primary virtue. However, it sometimes conflicts with the provision of amenities and necessities for the poor and, perhaps even more significantly, with their sense of priorities.

RECONCILIATION

Is there a potential reconciliation between these two elements? Are we doomed to have a city of Manhattan -- and

a city of the rest of New York? A city of North Michigan Avenue -- and a city of the rest of Chicago? Indeed are there possibilities of a political as well as functional split?

The real necessities which we believe will emerge are very simple -- at least in our more socially advanced areas. Much of the services upon which the poor are dependent are linked to the fiscal vigor of the city which is called on to provide them. From this point of view each new downtown ratable, rather than being at best unimportant -- at worst a potential threat to the poor -- is rather a triumph. Cities can only provide adequate social services within our political environment if they are cities of economic vigor. There is no flow of transfer payments from state or federal governments, at least currently on the horizon, which will obviate this basic reality. Bankrupt cities reduce services first. The lessons of municipal cutbacks are all too clear cut in this regard. National funding is an inadequate surrogate given local variance in standards -- and the increasing voter predominance of relatively socially conservative regions.

If cities are to be reconstructed what is going to be required is a reconciliation between the two warring parties. The poor need the rich. If nothing more, the history of the last twenty years indicates that if the cities become wards of the state, the latter is far less generous and the quality of social services are far more limited.

THE SHIMMER OF THE POST-INDUSTRIAL ECONOMY

Within this context, the restructuring of the American economy in the 1980s will establish the broad based parameters of the city's future economic potential. As the decade was initiated, manufacturing employment had declined to approximately 20 percent of the nation's job base, with post-industrial/service functions dominating the growth sectors. As shown in Exhibit 8, it is high technology, energy and services which presently define the American economic frontier -- and will dominate the cutting edge of the future. Old line industry, in contrast, offers little promise as a source of job opportunity. Indeed, the potential the latter offers is mainly one of substitution, of the replacement of mass unskilled labor by the new surrogates of automation and robotics.

This is not a unique phenomenon, however; it is a transition of world-wide import. As shown in Exhibit 9, the industrial profiles of the United States, West Germany and Japan are evolving in a common direction, although substan-

EXHIBIT 8

SEGMENTED EMPLOYMENT SECTORS,[1]
U.S. TOTAL: 1976 TO 1981
(Numbers in Thousands)

Sector	*1976*	*1981*	*Change: 1976 to 1981*	
			Number	*Percent*
Old Line Industry	18,574.8	20,306.4	1,758.6	9.5%
High Technology	3,074.3	4,075.4	1,001.1	32.6
Energy	757.7	1,084.9	327.2	43.2
Services	26,354.2	33,288.3	6,934.1	26.3
Government	15,322.0	16,408.0	1,086.0	7.1

Notes: [1]Nonfarm payroll employment as of March of the respective years; includes Hawaii and Alaska; excludes wholesale and retail trade.

Source: George Sternlieb and James W. Hughes, Demographic Trendlines and Economic Reality: Planning and Markets in the 1980s (New Brunswick, N.J.: Rutgers University Center for Urban Policy Research, 1982.

EXHIBIT 9

COMPARATIVE EMPLOYMENT STRUCTURES
UNITED STATES, WEST GERMANY AND JAPAN: 1969-1979
(Percent Distribution)

	United States		*West Germany*		*Japan*	
	1969	*1979*	*1969*	*1979*	*1969*	*1979*
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Agriculture, Hunting, Forestry, and Fishing	4.7	3.6	9.3	6.2	18.8	11.2
Manufacturing, Mining and Quarrying	28.0	23.7	40.2	36.4	27.2	24.5
Utilities	1.2	1.1	0.7	0.9	0.5	0.6
Construction	6.2	6.5	8.0	7.6	7.4	9.8
Wholesale and Retail Trade, and Hotels and Restaurants	19.8	21.4	14.8	14.4	19.9	22.4
Transportation, Storage and Communication	6.0	5.8	5.7	6.0	6.2	6.4
Finance, Insurance, Real Estate and Business Services	6.5	8.2	4.1	5.5	2.6	3.4
Community, Social and Personal Services	27.5	29.7	17.2	23.0	17.4	21.6
Other	--	--	--	--	0.1	0.2

Note: May not add due to rounding.

Source: OECD (Organization for Economic Cooperation and Development), Labor Force Statistics, 1968-1979. Paris, 1981.

tial vagaries still are present.[3] But the difficulties of American cities are only partly due to economic transition. They are aggravated by the furious competition for job opportunities emanating from explosive labor force expansion. As shown in Exhibit 10, the demographics of the United States -- the maturation of the baby boom generation -- have produced a labor force whose growth was unique among advanced industrial economies in the past decade. The burgeoning supply of labor and the skill requirements of the new industrial order -- to say nothing of the furious international economic competition from low labor cost territories abroad -- placed the urban poor of America in an increasingly tenuous position.

Intensification of these parameters is likely as the decade of the 1980s matures. The "new" cities arising downtown give evidence of a successful adaptation to the forces at work. But the competitive adaptation of America's older cities can abort if internal conflicts dominate.

The poor need the city of resource. In order for cities to flourish, however, they must secure flexibility of land use, a capacity to entice truly significant levels of the affluent to stay -- and hopefully even to return to them. The myth of gentrification as a large scale phenomenon has created alarm well in advance of any commensurate reality. The "two cities" are increasingly dominated by the poor yet there are potentials for positive rebirth. These may well abort. The cooperation of the bulk of the extant population is essential. America's urban future requires many inputs -- but certainly not least among them is forestalling the adversary relationship which is evolving between the "two cities."

EXHIBIT 10

1969 TO 1979 COMPARATIVE LABOR FORCE GROWTH:
UNITED STATES, WEST GERMANY AND JAPAN
(Numbers in Thousands)

	Labor Force (Civilian)			*Change: 1969-1979*	
	1969	*1974*	*1979*	*Number*	*Percent*
United States	80,733	91,011	102,908	22,175	27.5%
West Germany	26,050	26,270	25,917	-133	-0.5
Japan[1]	50,980	53,100	55,960	4,980	9.8

Note: [1]Total labor force.

Source: OECD (Organization of Economic Cooperation and Development), Labor Force Statistics: 1968-1979, Paris, 1981.

NOTES

1. There are a limited number of economic measuring sticks available for the central city. To a certain degree, their very scarcity indicates some of the priorities of our society. For example, nearly a decade and a half after the urban riots, data on central city employment is still limited essentially to those cities coterminous with counties. For reasons lost in history, metropolitan labor markets reflect society's interests of generations ago in providing labor availability data for the growth of business.

   Thus the vigor of cities per se in this crucial parameter is difficult to ascertain. The latter are left to the varying interests of states, some of whom collect material by municipality under their state-covered employment programs. Even with these latter, however, there is a lack of standardization, which makes generalizations more than inadequate. Reviews currently underway at the Center for Urban Policy Research indicate a general urban decline in market share at best -- and in absolute level in all too many cases. And in both situations this is complicated by the misfit of the central city's current population's training and education to the post industrial functions which dominate its job base growth.

2. The three poles of central city business and service demand have historically been divided into, first, resident population -- the data presented previously documents the attrition which has taken place; the second has been the daytime population -- the commuters, who work in the city, but given the folkwaysof our society, these are increasingly users of suburban services as well; and the third and the most difficult to weigh, are those who are brought to the city from areas external to it by its unique pulling power -- its unique competence to provide services and/or experiences which are exceptional. There are very few places that have this quality. Once one leaves the immediacies of a New York, a San Francisco, a Boston and perhaps a half dozen others, this most important of all central city facets clearly has waned most substantially.

The sum of these developments is reflected, if we can pick a mundane measuring stick, by the changing role of central city retailing: the old monolithic department store of yesteryear. Sited at the very nexus of the city's transportation web, it catered to all socio-economic elements within a very substantial reach. Its new equivalent tends to be a much more highly specialized operation, and typically not much more than one-fifth its size. A splendid case in point is the decline of the historic department store giants of the Chicago Loop in favor of the relatively small emporia of the North Michigan Avenue area, or the dissolution of the old retailing palaces that dominated Philadelphia in favor of the relatively compact Galleria, and the like. These reflect the city-within-the-city theme -- but may have little relevance, little meaning, and sometimes deliberately, little appeal to the external city.

3. The high concentration of agricultural employment in Japan represents deliberate government policy at job maintenance by fostering a remarkably inefficient economic sector (as compared to agriculture in the United States). If the U.S. had a similar proportion of its labor force in this sector, an additional 8 million jobs would be extant.